

City of Takoma Park Maryland
Community Development Block Grant Project
FACT SHEET AND FUNDING POLICY

The CDBG program provides the City of Takoma Park with the opportunity to enhance the viability of our community by funding activities that provide decent housing and a suitable living environment, and expand economic opportunities, principally for low- and moderate-income persons. Funds may be used to carry out a wide range of community development activities such as neighborhood revitalization, economic development, and the provision of improved community facilities and services.

The amount of CDBG funds available to non-profits for activities is capped under the federal regulations governing the program. For example, last year the City received \$167,000 in CDBG funds, and the amount available to non-profits for public service grants was approximately \$25,000. The balance of available CDBG funds are typically expended on capital projects such as neighborhood or streetscape improvements. The amount of funding for fiscal year 2007-2008 has not been determined but is expected to be roughly ten percent less than in previous years. Applications for the next funding cycle are now available. The application deadline is Monday, September 11, 2006.

In deciding whether to apply for Community Development Block Grant funds for your project, it is important to become familiar with the federal regulations and local policies governing the program. This fact sheet and funding policy has been developed to assist you in this evaluation and contains the following information:

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CDBG National Objectives

Federal legislation and regulations have established national objectives that all CDBG funded activities must meet. To qualify for funding, an activity must either benefit people with low- and moderate-incomes, and/or aid in the prevention of slums and blight. Activities that do not meet one of these two broad objectives cannot be undertaken with CDBG funds.

Low and Moderate Income Benefit

Generally, CDBG activities benefit people with low- and moderate-incomes (LMI). For an activity to meet this objective, it must have either income eligibility requirements that limit the activity's benefits to LMI persons, or be located in and serve an area that is

predominantly inhabited by LMI residents. A map noting eligible census tracts can be found in Exhibit A. Under the CDBG regulations, programs that serve the elderly or persons with disabilities are usually considered to benefit low- and moderate-income persons.

HUD Income Limits by Size of Household

Family Size	Low Income	Moderate Income
1	\$31,250	\$40,600
2	\$35,700	\$46,400
3	\$40,200	\$52,200
4	\$44,650	\$58,000
5	\$48,200	\$62,650
6	\$51,800	\$67,300
7	\$55,350	\$71,900
8	\$58,950	\$76,550

To meet this objective, no less than fifty-one percent (51%) of the persons benefiting from an activity must qualify under the low- and moderate-income limits. Not less than seventy-percent (70%) of the City's overall CDBG activities must serve LMI persons.

Slums and Blight

For an activity to meet the second objective, it must be designed to address and ameliorate conditions causing slums and blight. The City determines which areas would qualify under these criteria. It is rare for an application to be funded under this objective.

Eligibility Criteria

Eligible Activities

CDBG regulations further require that an activity selected for funding must:

- Provide a new or an expanded level of an existing public service to populations with special needs, such as supportive services for the homeless, persons with HIV/AIDS, the elderly, abused persons, children-at-risk, persons with mental or physical disabilities, or new immigrant populations; or
- Eliminate conditions detrimental to health, safety, and public welfare; or
- Stimulate economic growth, development, and employment opportunities that will principally benefit LMI persons; or
- Support fair housing through education, counseling, legal assistance, and consumer protection programs.

Ineligible Activities

The following types of activities are generally ineligible for CDBG funding.

- Construction of, or improvements to, general government buildings and schools;
- Routine operation, maintenance, and repair activities for public facilities; and
- Assistance to churches or church-affiliated organizations unless a clear separation of purpose, mission, and organizational relationship can be established between the church and the CDBG-funded activities.

Policies and Priorities

In addition to these requirements, policies based on federal requirements for the program and local needs and funding priorities, govern the expenditure of CDBG funds.

Policies

These general policies and priorities apply to all applications for CDBG funds:

- CDBG funds will not go to one organization for the same project (or a substantially similar project) for more than three (3) years;
- Applicants who receive funds in year one, are not guaranteed funding in years two and three. Future funding is dependent on many factors, including performance;
- Organizations may only lease, not purchase, capital equipment with CDBG funds;

Priorities

Funding priority will be given to activities that:

- have a high benefit to low- and moderate-income persons;
- require a one-time only infusion of funds and have a detailed plan for permanent funding;
- maximize the use of outside funds (non-CDBG or other city funds) and services and which are coordinated with other public and private efforts;
- are clearly defined as to scope, location, need, budget, goals, and means for evaluation of program progress;

- demonstrate the capacity of the applicant, and the capability to be carried out successfully;
- support or coordinate with other community development efforts;
- present a reasonable, sound budget; and,
- are to be implemented by organizations with a solid track record.

In addition, because the demand for these funds exceeds the amount received from HUD, the City is committed to funding projects that are ready to proceed immediately after funds are received, and those prepared to spend the funds within a twelve-month period (any funds that are not spent within this timeframe may be recaptured by the City).

Community Advisory Committee (CAC)

Deciding who should receive funding is a difficult and time-consuming process. To guide this effort, a group of dedicated volunteers, all of whom are City residents, review applications and meet with eligible applicants to discuss funding requests. Following this review, the CAC forwards its recommendations to the City Council as to which applicants should receive funding and in what amounts.

The Policies and Priorities, as described above, guide the Community Advisory Committee (CAC) in its application review. In addition, the CAC has established its own philosophy in determining which applications should be recommended for review.

In general, all activities should:

- provide new or expanded services that respond to critical, identifiable, and unmet needs;
- stress long-term, innovative solutions that hold the promise of serving as a catalyst for change;
- be integrated with other community services and be provided in collaboration with other service providers;
- be supported by multiple funding sources and have excellent prospects for ongoing funding and program support (from non-City sources);
- enable and empower those served to reach their highest level of self-sufficiency;
- help people with special needs achieve better access to and use of existing services;

- have clearly stated goals and evaluation criteria that are specific, measurable, and realistic; and
- have a clear plan of action that is consistent with the budget and that demonstrates that the applicant has the capability to implement the proposed plan.

Application Review Process

To be considered for funding, all applications must meet one of the two national objectives of the CDBG program described earlier. Applications are reviewed by City Staff to determine eligibility under HUD's criteria and conformance with the City's CDBG funding policies and priorities. Qualifying applications are forwarded to the Citizens Advisory Committee (CAC), which reviews the proposals and interviews the applicants. The recommendations of the CAC are then forwarded to the City Council for consideration.

The City Council makes the final selection of those activities and projects to be funded with CDBG funds. Approved projects are funded in the next budget year (which begins July 1). Due to HUD restrictions and clearances that must be obtained, funds are generally not available until after the following September first of each year.

Contractual Requirements

Applicants approved for funding – the Grantee – are required to sign a contract with the City. No costs incurred prior to the execution of an agreement with the City are reimbursable. Under City, County and Federal laws and regulations, certain requirements must be met in order to negotiate an agreement and disburse funds.

These requirements include the following:

- Applicants must demonstrate that they are a private nonprofit organization, or a governmental agency.
- After an application is approved for funding, a contract will be prepared and sent by the City to the person identified by the applicant as the authorized official for signature. The contract will specify the amount of the award, the period for which the project is approved, the contract term, and administrative provisions. Special conditions attached to the award also will be specified in the agreement. Grantees will be required to file regular quarterly reports on expenditures, progress toward goals, and beneficiaries. The City will provide forms for these reports. Failure to submit the required reports in a timely manner may result in the termination of the contract and the reallocation of funds to another project.
- Grantees are required to obtain adequate insurance, including workman's compensation, bodily injury, property damage, or automobile liability, depending on the nature of the project. Grantees will be responsible for obtaining any

necessary licenses and for complying with all applicable federal, state, and municipal laws, codes, and regulations. If you are not a governmental agency, you can include the costs of insurance and licenses for the activity in the proposed budget.

- As part of any grant agreement, grantees will be required to comply with affirmative action and equal opportunity laws. In the event of non-compliance, the agreement may be terminated or suspended in whole or in part.
- Grantees will be required to comply with the federal government's audit requirements as described in OMB Circular A-133 (for HUD's programs, these requirements are codified at 24 CFR Part 84). The cost of an audit is an eligible grant cost.

Other Important Considerations

CDBG funds are not intended to be an on-going source of funds for an organization. An organization may only receive funding for up to three years for the same program or activity. However, there is no guarantee that approved projects will receive funding in years two and three. In addition, for those organizations that are successful in receiving second and third year funds, the amount of CDBG funds awarded is often reduced from the previous years' amounts.

Finally, please be aware that even if your application is successful, the CAC may recommend that the applicant be awarded a lower level of funding than was requested. Please develop a contingency plan to account for a smaller CDBG award.

For more information, please contact the City of Takoma Park's Housing and Community Development Department at 301.891.7224.